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SITUATION AND PROSPECTS

OF

DOMESTIC TRADE IN AFRICA

A PRELIMINARY REVIEW

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CHAPTER I

INTRODUCTION

1. Most African countries have hitherto paid little attention to the development and expansion of domestic trade as an economic policy objective, with the result that this particular sector of the economy has evolved rather slowly. Indeed, in most if not all African countries, former colonizing powers set up trade structures which were in no way designed to cope with the various exigencies of harmonious and independent economic development. The aim, instead, was to feed metropolitan markets, developing North-South export trade rather than catering for the well-being of the local population. This explains the paucity of intra-African trade on the one hand, and on the other why domestic trade still remains embryonic in a sizeable number of African countries.

2. As a result of its current orientation, African trade is not an active factor in development. Even where trade does generate growth, the latter is either transferred to areas outside of Africa or has an adverse effect on the terms of trade. To maintain growth and at the same time direct it towards achievement of development aims require new approaches in terms of production policy, income distribution and domestic market structure. The expansion of domestic markets represents a concrete means to activate the mechanisms for encouraging internally generated growth as a basis for genuine economic development.

3. This was one of the main themes of the Lagos Plan of Action which endorsed the recommendations made by the sixth ECA Conference of Ministers held from 10 to 16 April 1980 and by the Conference of African Ministers of Trade at its sixth session held from 17 to 22 April 1980 in Addis Ababa. Specific recommendations on domestic trade stipulate that:

> "Particular attention should be given to domestic trade and to improving the conditions under which it is now taking place so as to optimize its contributions to the socio-economic development of member States. To this end, steps should be taken where appropriate:
>
> (a) to promote internal trade at the national level with particular attention to the potentials offered by the rural markets;
>
> (b) to rationalize channels of distribution with a view in particular to minimizing the number of intermediaries and to ensuring control thereof by indigenous enterprises whether private or public or a combination of both;

(c) to keep a balance between investment in the domestic trade sector and investment in productive sectors in such a way as to ensure that the growth of the former does not jeopardize the growth of the latter. 1/

4. For the purpose of this study, domestic trade encompasses the range of exchanges in goods and services including the production, storage, transport and distribution operations conducted within national borders. In other words, domestic trade establishes internal linkages between broadly-defined production and consumption or the transportation of products from the producer to the consumer or end user. The definition can help to identify the following points that should form the basis for policy formulations:

(a) Establishment and maintenance of adequate commercial structures and a rationally-organized marketing system to sustain a high level of activities in marketing and local trade;

(b) Implementation of domestic trade and finance promotion activities to expand the marketing of rural production;

(c) Streamlining, under the control and supervision of national public or private enterprises, of distribution networks to market rural products at remunerative prices while limiting recourse to middlemen;

(d) Establishment of flexible structures and design of suitable programmes to provide ongoing training for trade promotion, information and negotiation specialists;

(e) Achievement of a fair balance between production and demand through a rational channeling of investment.

5. The present study is a preliminary endeavour that will require follow-up in greater detail and in a sustained manner by member countries. Its long-term objective is the implementation of the recommendations of the Lagos Plan of Action in terms of assembling and placing at the disposal of member States reliable data and appropriate tools for promoting and controling their domestic trade. More immediately, the study offers an overview of existing domestic trade structures in African countries and provides a basis for discussion to determine the direction to be taken by medium and long-term research and activities.

1/ Lagos Plan of Action for Africa's economic development: 1980-2000, Organization of African Unity, Chapter VII, Para. 249, p. 87.

6. There is a strong focus throughout the study on interaction between domestic trade and the agricultural sector: a main reason for this lies in the need to integrate the rural world into the evolving system of trade through monetization of subsistence agriculture. Furthermore, developments at this level will provide strong stimulus to other economic sectors such as industry which will, through increased and diversified production, encourage the growth of domestic trade.

7. Chapter II reviews general considerations on the African region with emphasis on several economic factors and provides a framework for the study. Chapter III, in a general diagnosis of the current situation of domestic trade in Africa, examines trade and organizational structures and highlights both the role of the State in this economic sector and the role of domestic trade in the national economy. Chapter IV provides identification and analysis of the major problems and constraints that hamper domestic trade promotion. Chapter V offers proposals and examines measures for developing domestic trade in the spirit of the Lagos Plan of Action.

CHAPTER II

GENERAL CONSIDERATIONS ON THE AFRICAN REGION

A. General

8. Africa more than any other continent has contrasting economic, social and cultural factors. On the one hand, it covers a vast area with substantial mining, agricultural and human resources. On the other, it counts the highest number of the world's most underpriviledged nations.

1. Demographic aspects

9. According to United Nations estimates and projections, independent Africa's 50 countries cover a surface area of approximately 28,011,000 square kilometres and accounted for an estimated population of 466,801,000 or an average population density of 17 per square kilometre in 1982. Demographers further believe that the population figure will reach 589 million by 1990 and 778 million by the year 2000. 2/ While the overall population growth rate is now in the neighbourhood of 2.9 per cent, some States record levels as high as 3.1 per cent or more.

10. In 1982 the population was distributed among the 50 countries of developing Africa as follows:

Table 1

Population Distribution in Africa

Population range	Number of Countries
Below 5 million inhabitants	24
5 - 15 million inhabitants	17
15 - 35 million inhabitants	7
Above 35 million inhabitants	2
Total	50

Source: ECA Statistics Division, Estimates and Projections as Assessed in 1982.

2/ ECA, Demographic Handbook for Africa ,December 1980; World Bank, World Bank Atlas, 1981.

11. On the basis of these figures, 48 of the continent's 50 independent States could be labelled according to Francois Perroux's terms, "quasi-nations" or "small nations" while average nations are those with minimum populations of 40 million. 3/ Another characteristic of Africa is that it counts 26 of the world's 35 least developed countries, or 74 per cent of the total. 4/ Per capita income in these countries has yet to exceed US$ 200 per year. Finally, 14 of Africa's 50 independent nations are completely land-locked; another eight are either islands or semi-island countries.

12. These figures on population trends and distribution are useful indicators in determining the trade potential in Africa and in particular, they illustrate the small size of African markets. In addition, their possible implications for investment and production policies should serve as a guide in the organization, equipment and supply of national markets.

13. Table 2, which provides an overview of basic indices for 1979-1980, offers additional information on the economic and social situation of Africa and points to further conclusions. First, the per capita Gross National Product (GNP) is comparatively low in a sizeable number of African countries. Secondly, a comparison between growth rates of population and GNP shows a wide gap, with the former in the lead. A possible inference is that not only per capita income is low -- a true handicap in eveloping local demand -- but the population is increasing at a faster pace than available income. The table further indicates that this situation is more acute in least developed, land-locked and island countries.

14. Demographic data also show that Africa is essentially rural. In 1982, 28.2 per cent of its population lived in urban areas with over 20,000 inhabitants; 71.8 per cent were in rural areas. This phenomenon is particularly pronounced in Burkina Faso, Burundi, Cape Verde, Lesotho, Mozambique, Swaziland and other countries where over 90 per cent of the population inhabit rural areas as seen in Table 3.

15. Yet examination of available statistics and projections on changes in the distribution between urban and rural areas show steady trends towards urbanization. In industrialized countries rural populations drift to urban areas primarily because of technological progress; in Africa, the migration which swells the numbers of unemployed in towns, is due to low output and low income in rural areas. The effect of rural-urban migration on trade is discussed later in this chapter.

3/ F. Perroux, Economie des Nations jeunes, Industrialisation et groupements de nations, (Paris, Presses Universitaires de France, 1962).

4/ Appropriate Modern Telecommunications Technology for Integrated Rural Development in Africa, Part II: Background Report, Annex 4/1, page 9, Geneva, November 1981.

2. Agricultural sector

16. Agriculture plays a predominant role in the economic structure of Africa. The position of the sector is evident in most economic development plans, where it is still allocated a substantial percentage of the investment budget. The very concept of collective or individual self-reliance commonly refers to agricultural sector. Table 4 illustrates the situation well: it shows first that the proportion of total population engaged in agricultural activities is very high. In addition, with a few exceptions, the contribution of agriculture to total GNP is also considerable.

17. It could be inferred from the data that Africa's performance in the agricultural sector is satisfactory, even when compared to previous years. 5/ This would, however, require a global analysis. A more detailed examination of facts gives a different picture. Neither the subregions nor individual countries have achieved uniform results despite the fact that agricultural production has recorded positive rates of growth almost everywhere. This raises the question of whether the overall recorded growth rates is not in fact a result, in every case, of progress in cash crop farming, an area that is of little importance to domestic consumption. A retrospective comparison between the periods 1960-1970 and 1970-1980 would indicate the existence of a drop in growth rates.

18. Table 5 gives an idea of the situation and trends in production of major foodstuffs in Africa for the years 1970, 1975, and 1980-1983. While most foodstuffs showed negative growth rates between 1982 and 1983, these growth rates were also small compared with recorded growth rates in populations for the period under review.

19. FAO's Report No. 12 states that recorded imbalances were caused in greater part by climatic conditions including, inter alia, the prolonged drought in the Sahel and the abundance of rainfall at germination time. Despite an apparently encouraging situation in the agricultural production, Africa must still import substantial quantities of foodstuffs to feed itself, and notably cereals such as wheat, rice, maize, millet, sorghum, barley and others, all of which add to the already-significant volume of food products received as gifts from the industrialized countries. To some extent, this is attributable to a grain deficit and to the much higher cost of producing rather than importing food items. The primary cause, however, lies in the longstanding neglect of the food crop sector in favour of cash crops.

5/ FAO, The State of Food and Agriculture, 1980.

Table 2

Major Indicators for Selected African countries

Subregions - Countries	GNP at Current market Prices				Growth rates (1970-79)	
	Total (Million US $)		Per Capita (US $)			
	1979	1980	1979	1980	Population	GNP Per Capita in real terms
NORTH AFRICA						
Algeria	32360	36410	1770	1920	3.2	2.8
Morocco	15250	17440	780	860	3.0	3.5
Sudan	8060	8640	450	470	2.7	1.5
WEST AFRICA						
Benin	940	1080	270	300	2.9	0.6
Cape Verde	80	100	260	300	2.0	4.8
Ghana	4470	4920	400	420	3.1	-3.0
Liberia	940	980	520	520	3.4	0.5
Mauritania	480	530	300	320	2.7	-0.7
Niger	1530	1760	300	330	2.8	-1.2
Togo	970	1020	400	410	2.4	1.2
CENTRAL AFRICA						
Angola	2970	3320	430	470	2.4	-9.6
Burundi	760	830	190	200	2.2	1.5
Central African Republic	620	680	280	300	2.3	0.9
Congo	1010	1120	670	730	2.5	-0.2
Sao Tome and Prinipe	50	60	460	490	1.7	-0.2
Zaire	5750	6340	210	220	2.7	-2.6
EASTERN AND SOUTHEN AFRICA						
Botswana	610	730	780	910	2.2	12.0
Comoros	90	100	260	300	4.0	-4.3
Ethiopia	3810	4320	120	140	2.2	0.3
Lesotho	480	520	370	390	2.4	9.5
Uganda	3710	3750	290	280	3.0	-3.5
Zambia	3000	3220	540	560	3.1	-1.9

Source: World Bank, World Bank Atlas, 1981.

Table 3

Population Distribution in Urban and Rural zones in Selected African Countries, 1982

Subregions - Countries	Population (thousands)			Percentage of Population	
	Total	Urban	Rural	Urban	Rural
NORTH AFRICA	115101	51967	63134	45.1	54.9
Algeria	20231	12766	7465	63.1	36.9
Morocco	21632	9518	12114	38.6	61.4
Sudan	19838	5078	14760	25.6	74.4
WEST AFRICA	148384	34212	114172	23.0	77.0
Benin	3759	541	3218	14.4	85.6
Burkina Faso	6587	501	6086	7.6	92.4
Cape Verde	337	23	314	6.9	93.1
Ghana	12493	4685	7808	37.5	62.5
Guinea	5291	1053	4238	19.9	80.1
Guinea-Bissau	853	217	636	25.5	74.5
Liberia	1980	709	1271	35.8	64.2
Mauritania	1734	664	1070	38.3	61.7
Niger	5520	740	4780	13.4	86.6
Nigeria	80939	17078	63861	21.1	78.9
Togo	2650	543	2107	20.5	79.5
CENTRAL AFRICA	67469	20184	47285	29.9	70.1
Angola	8644	1936	6708	22.4	77.6
Burundi	4295	99	4196	2.3	97.7
Central African Republic	2358	1000	1358	42.4	57.6
Congo	1578	596	982	37.8	62.2
Equatorial Guinea	381	214	167	56.1	43.9
Rwanda	5373	236	5137	4.4	95.6
Zaire	29960	11295	18665	37.7	62.3
EASTERN AND SOUTHERN AFRICA	135847	25183	110664	18.5	81.5
Botswana	873	163	710	18.7	81.3
Comoros	380	47	333	12.3	87.7
Ethiopia	34144	4951	29193	14.5	85.5
Kenya	17329	2530	14799	14.6	85.4
Lesotho	1407	70	1337	5.0	95.0
Mozambique	12967	1206	11761	9.3	90.7
Swaziland	580	50	530	8.6	91.4
Tanzania	19831	4145	15686	20.9	79.1
Uganda	13674	1832	11842	13.4	86.6
Zambia	6006	2631	3375	43.8	56.2

Source: ECA Statistics Division.

Note: Urban population and percentages related to them are derived according to the definition of urban population as prescribed by each country.

Table 4

Importance of Agriculture in the Economy of Selected African Countries

Subregions - Countries	Agri-cultural GDP as % of total GDP (1979)	Agri-cultural popu-lation as % of total popu-lation (1981)	Agri-cultural exports as % of total exports (1981)	Agri-cultural imports as % of total imports (1981)	% Share of total imports financed by Agri-cultural exports (1981)
NORTH AFRICA					
Algeria	6	48	1	17	1
Morocco	18	51	18	25	10
Tunisia	16	40	8	15	5
WEST AFRICA					
Benin	47	45	98	32	14
Gambia	38	78	62	27	13
Ghana	...	50	45	15	37
Liberia	34	69	23	18	21
Mauritania	23	82	17	37	16
Niger	33	87	24	18	22
Togo	27	67	18	16	11
CENTRAL AFRICA					
Angola	...	57	10	23	13
Burundi	57	83	94	16	40
Cameroon	32	80	33	7	28
Central African Republic	34	87	35	30	50
Congo	14	33	3	23	5
Zaire	31	74	14	33	25
EASTERN AND SOUTHERN AFRICA					
Ethiopia	52	79	86	10	44
Kenya	56	77	49	11	28
Malawi	43	83	86	13	68
Mauritius	15	28	64	30	37
Uganda	8	80	87	8	40
Zambia	14	66	1	7	1

Source: FAO, The State of Food and Agriculture, 1982.

Symbol used:
... = data not available.

Table 5

Trends in the Production of Major Foodstuffs in Africa
(Excluding South Africa)

	Thousand tons						Percentage Growth rates	
Foodstuff	1970	1975	1980	1981	1982	1983	70-83	82-83
Wheat	6514	7743	7556	6737	7997	7204	0.78	-9.92
Rice, paddy	7373	8119	8632	8433	8899	8548	1.14	-3.94
Millet	7389	9696	9911	10279	9771	8400	0.99	-14.03
Sorghum	8846	9472	10146	11415	10186	8791	-0.05	-13.70
Maize	14443	18381	17371	19401	19163	18473	1.91	-3.60
Cereals, total	51641	58474	60093	61213	62519	56596	0.71	-9.47
Root and tubers total	68366	76783	83618	86329	90126	85099	1.70	-5.58
Pulses, total	4910	5360	5251	5226	5675	5734	1.20	1.04
Groundnuts in Shell	4903	5221	3910	4936	4738	4007	-1.54	-15.13
Sugar (centri-fugal, raw)	3165	3512	4346	4621	4933	5146	3.81	4.32
Meat, total	4392	4662	5571	5752	5967	6083	2.54	1.94
Cowmilk, whole, fresh	6468	6479	7321	7466	7808	8078	1.72	3.46
Total	88410	213902	223726	231808	237782	222159	1.28	-6.57

Sources: (i) FAO, Computer printouts, May 1984;
(ii) ECA, Survey of Economic and Social Conditions in Africa, 1980 - 1981 (E/ECA/CM.8/17).

20. As a result, imports contribute to the disequilibrium in the trade balance; they also have a considerably adverse impact on the balance of payments of concerned countries. As explained by Professor Adedeji:

> "Today we are faced with the alarming fact of our inability to feed ourselves so we add food imports to the drain of foreign exchange and to our external

dependence." 6/

21. In the implementation of the Lagos Plan of Action concerning the attainment of food self-sufficiency, questions of food security, food losses and food production have been given much attention. Recognizably the food situation fluctuates widely from year to year as a result of climatic vagaries. During years of good harvest, appropriate measures are not always taken to preserve production surpluses, with, as a result considerable losses and wastage between production and consumption. Conversely, when harvests are poor, no buffer stock mechanism exists to bridge the gaps between production and consumption. In these cases the only solution is to resort to imports to offset deficits. The issue is one of utmost concern to specialized international agencies such as the Food and Agriculture Organization of the United Nations and the World Food Programme, both of which endeavour to take appropriate measures at the global level to increase production, ensure proper preservation and achieve food security.

22. Arguably, efforts in Africa concentrate primarily on food production, and there is little co-ordination in the area of food security. The awareness of the problem is however reflected in the decision taken at the Summit Conference of Heads of State and Government of the Southern African countries held at Lusaka in April 1980 and at the second conference on Southern African Development Co-ordination. It called for co-ordination and harmonization of policies of the nine countries concerned 7/ in matters of food security through establishment of buffer stocks at the national and subregional levels.

23. Food security is an obvious area to which domestic trade and financing programmes could effectively contribute. In brief, financial flows in agricultural investment to date have failed to bring about harmonization of the sector. Agricultural credit has been lacking; instead credit allocations have inequitably favoured the industrial and trade sectors. Furthermore, measures to keep agricultural prices at relatively lower levels than would be allowed by free-market forces in an effort to avoid the effects of inflation on wages in other sectors have neither offered farmers the volume of profits likely to motivate them nor assisted in promoting investment and productivity. Thus markets and financial mechanisms operate to the detriment of the agricultural sector, and insufficient monetization has an adverse effect on the structure of demand.

6/ Adebayo Adedeji: What kind of Africa by the year 2000?, Organization of African Unity, Final Report of the Monrovia Symposium on the Future Development Prospects of Africa towards the Year 2000. First published in Addis Ababa, 1979, Second Printing 1980, Page 62.

7/ These countries are Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

3. Industrial Sector

24. Post independence acceleration of industrialization did not bring about profound changes in production structures: the extractive industries retained their predominant position. If anything, accelerated industrialization weakened the agricultural sector by depriving it of the major factors of production such as labour. The limited distribution of income from the extractive industries does not contribute positively to the growth process. Furthermore, the predominant extractive sector does not generate production for the domestic market.

25. The general overview of Africa's economic sector provided here needs no further elaboration: the issues involved have been the subject of detailed studies conducted at various levels within ECA and other organizations. One point, however, should be borne in mind: despite dispersal over a vast territory, the increase in Africa's population is generally outpacing growth in food production. In other words, needs are rising day by day, yet domestic supply lags far behind demand.

26. To cope with the situation Africa must continue to import goods; its export earnings will hardly cover its import bill. Furthermore, dependence on imports will have an adverse impact on the trade and balance of payments of African countries. There is thus a disequilibrium between domestic demand and supply; the imbalance is directly related to the externally oriented production structure of African countries which leads to the transfer of benefits accruing from economic growth outside Africa. The issue will be analysed subsequently in the study. For the present, the focus is on close examination of the internal disparities which have hampered the growth of trade.

B. Disparities between rural and urban areas

27. Regardless of origin, the rural-urban migration discussed earlier has a definite influence on production, particularly of foodstuffs: it affects the organization of distribution channels and at the same time, changes the volume of trade as depopulation of rural areas creates new centres of demographic concentration.

28. A major disparity between urban and rural areas in Africa is the large concentration of industry in the former. Foreign investors in African countries want to earn immediate profits and also wish to recover their initial investment in a comparatively short time. As a result, foreign investors try to derive maximum benefit from existing infrastructures such as markets, roads, railways, ports and airports to develop their business. Cities seem to fulfill these conditions and therefore provide ideal conditions for locations for industrial, commercial and import/export activities. The result, however, is that industry is practically nonexistent and trade extremely minimal in rural areas: the majority of rural inhabitants primarily live off their

produce, remaining somewhat on the periphery of major economic activities.

29. A severe consequence of superimposition of a modern industrial sector over the traditional handicraft sector is regional imbalance: there are wide gaps in income between rural and urban inhabitants and particularly between the agricultural and non- agricultural sectors. Disparity in income has an obvious impact on the rural population in particular on its purchasing power and its behaviour as a consumer. This tends to limit trade to a localized basis which involves the use of money to a limited extent and relies on a barter system.

30. Concentration of industries around cities creates differences between rural and urban areas; the duality results in conflict among various sectors of the economy in Africa.

CHAPTER III

CURRENT SITUATION OF DOMESTIC TRADE IN AFRICA

31. As mentioned earlier, the function of trade, whether domestic, intra-African or external, is to establish a linkage between production and consumption. Trade is therefore based on relationships between persons pursuing different objectives - buying and selling - on the one hand, and on movements of goods and services on the other. Trade can thus only act effectively once a minimum of requirements are in place: these include practicable communications, appropriate trade structures providing contact between buyers and sellers and a reliable transportation organization. The aim of domestic trade is to secure better living conditions for producers and consumers alike, particularly those in rural areas: the development of agricultural production would indeed serve no purpose, for example, if farmers were not provided at the same time with the means for marketing their products and, in return, for acquiring from profits made on sales, consumer or capital goods they require but do not produce.

32. In its first part, this chapter will examine transport facilities and organization and existing trade structures in Africa. A second part highlights the role of domestic trade as well as its importance in national economies.

Organization of domestic trade in Africa

33. The current organization of domestic trade in Africa is a legacy of the colonial era. For this very reason, domestic trade in African countries today is low and does not contribute to a faster rate of economic development. Disharmony exists between the production machinery and the means of communication: the latter were not designed to satisfy the former.

34. Throughout the continent and after 20 years of independence, despite remarkable efforts made in individual cases, domestic trade as an economic sector has yet to receive proper attention from national authorities. As a result, two general patterns have evolved, both with similar consequences.

35. In a first case, there are countries which continue to focus all their efforts on the intensive development of export crops such as cotton, groundnuts, coffee and cocoa or on the exploitation of mineral resources including bauxite, iron ore, manganese, copper, petroleum and others to the detriment of production of food crops or agriculture in general: in essence they are perpetuating the colonial system. Although foreign exchange earnings from the sale of cash crops or mining products are, of course, considerable, the countries that practise monoculture remain in perpetual food deficit and as a result, must resort to massive imports to satisfy local demand.

36. In a few cases such as in Egypt and Ethiopia for instance commendable efforts have been made to develop domestic trade. Here again, though, the thrust has unfairly benefitted urban centres at the expense of rural areas. The combined results are an increasing number of rural populations drifting to urban centres, thereby creating a host of additional problems in villages and cities alike.

37. The situation calls for measures to re-establish some degree of sectoral balance and to streamline domestic trade.

1. Transport facilities

38. With regards to goods or merchandise, a service is considered to be useful to the extent that it increases the availability of the good or merchandise. This applies to transport which allows for the movement of goods from their place of production to the location of consumption.

39. A first distinction when speaking of transportation concerns its various types or modes, namely maritime, air, road, rail and inland water transport. The following text briefly reviews the contribution of each individual mode to domestic trade and examines the extent to which their development has affected growth of domestic trade.

(a) Maritime transport

40. Maritime transport is a highly important component of trade, which it facilitates by supplying imports and assisting in the shipment of exports collected from local producers. For purposes of the study, however, the existing means of transport will be examined (road, river, rail, etc.) in particular with regard to domestic trade.

41. A number of factors, broadly categorized here as infrastructural and administrative, influence the rate of movement of goods at entry and exit points. Port infrastructures that come in to play include space capacities, ease of access, availability and state of repair of loading and unloading equipment and handling facilities, quayside storage and warehousing capacity. Administrative elements which affect the efficiency of maritime transport are visible primarily in the impact of tedious customs administration procedures characteristic of several African ports. A familiar situation occurs in countries where goods which are in short supply are left to rot either on board ships or on the quayside for lack of efficient clearance by customs; slack procedures also affect implementation of development projects which are often delayed by the sheer number of procedural difficulties encountered in clearing goods from ports.

(b) Air transport

42. The administrative and infrastructural constraints affecting the effectiveness of maritime transport apply to air transport as well. An additional difficulty results from misconceptions regarding the economic advantages of air shipment, despite the fact that several countries in Africa do have inland airstrips and airports. This mode of transport is perceived by many as highly expensive, to be used only as a last resort. 8/ Other factors affecting utilization of airplanes for shipment of goods are the nature of the products to be moved, their relative weight, costs and the extent to which user countries are land-locked.

43. Recognizably air transport is an expensive means for moving passengers, particularly given prevailing airline tariffs in Africa. It is not exhorbitant, however, when factors other than cost are considered: speed, safety and quality of service make it highly competitive. Its use for freight or goods could render invaluable service to large countries which do have sea outlets but experience difficulties in creating overland access to certain regions because of insufficient development or lack of other means of transportation. Examples here include Algeria, Angola, Ethiopia, Mauritania, Nigeria, Sudan, Tanzania and Zaire.

44. Airplanes are being utilized increasingly to transport small, expensive merchandise, fragile and light products and pharamaceuticals as well as to evacuate perishable foodstuffs and agricultural products to major urban centres. 9/ In summary, however, air transport has only made a minimal contribution to domestic trade in Africa to date.

(c) Rail transport

45. Most railways in Africa, which were built in colonial days with narrow one-metre gauges have now become obsolete. The mode of transport has developed slowly since then and thus has adversely affected the land-locked and island countries in particular. As a general rule, the railways link international ports or airports to major towns, in particular capital cities, and thus play an insignificant role in opening access to rural areas.

46. Where they do exist, African railways are preferred for transport of passengers or long-distance hauling of heavy goods such as timber or hydrocarbons. They permit the transportation

8/ A striking example occurred in Burundi in 1979, during the Tanzania-Uganda conflict which cut off access to Bujumbura from the port of Mombasa. Because of a general shortage of goods in Burundi, an airlift had to be organized from Mombasa to protect the country from economic strangulation.

9/ This is the case, for instance, with Kenyan pyrethrum flowers and tomatoes.

of export products from inland areas to ports: in this respect, rail lines are often the only means available to African countries for exploitation of mineral resources. This is the case for export of iron in Mauritania, iron and manganese in Gabon, copper in Zaire and Zambia, phosphates in Togo and Morocco and bauxite in Cameroon, to name a few.

(d) Inland water transport

47. Africa is endowed with numerous water courses that flow through several regions. They include, for instance, the Nile in Egypt, the Zambezi in Mozambique, the Congo and Ubangui in the People's Republic of Congo, Zaire and the Central African Republic, the Niger in Nigeria and the Benue in the Cameroon and Nigeria. Unfortunately, these rivers are generally difficult to navigate for two main reasons: their flows are frequently interrupted by falls and rapids and they experience irregular flows which limit navigability at certain times of the year.

48. The major lakes in Africa include Lake Victoria between Kenya, Tanzania and Uganda; Lake Tanganyika between Burundi, Tanzania and Zaire; Lake Volta in Ghana; Lake Chad between the United Republic of Cameroon Niger and Nigeria; Lake Nyasa between Malawi, Mozambique and Tanzania; Lake Kariba between Zambia and Zimbabwe; and the artificial lake created by the Aswan High Dam on the Nile.

49. Despite constraints to navigability, both rivers and lakes are exploited to ship goods in or out of countries, as occurs from the ports of Bujumbura on Lake Tanganyika, Bangui on the Ubangui river, Brazzaville and Kinshasa on the Congo, or to provide supplies to regions adjoining the water courses. Isolated areas separated by an unnavigable river can be linked via ferry, a practice commonly observed in Africa.

50. Consumer and other essential items are supplied and food and cash crops from regions adjoining rivers and lakes evacuated by barge and canoe. While transport costs are thus kept at low levels, the inland water means of communications had disadvantages, chief amongst which is slow speed arising from the inflexibility imposed by the course of rivers or location of lakes.

51. In conclusion, inland water transport contributes to a limited extent to domestic trade; rivers and lakes could, however, play a much more important role in intra-African trade than is presently the case. A major requirement for effective use of inland water transport would be genuine co-operation between the countries involved.

(e) Road transport

(i) General

52. Road transport is the most widely used means of communication in Africa at present, primarily because of its comparatively low operating costs. It offers a range of immediate benefits that single it out as the preferred mode of transport. In particular:

- It offers inherent flexibility in schedules; routes and allowable weights;
- Its manpower requirements, both in terms of numbers and skills, are undemanding;
- It offers opportunity for local development and operation over short distances;
- By providing means for linking rail terminals, airports and ports, it stands as useful complement to other modes of transport;10/
- Finally, it can provide access to otherwise inaccessible areas.

53. Road transport does, however, have recognized disadvantages including slow movement of goods and more particularly its high cost of construction and maintenance.11/ This explains why the road networks in most African countries consist chiefly of secondary and earth roads that are not usable all the year round.

(ii) African road network

54. Because of irregular availability of national data, examination of the African road network here is based on a sample of countries representing the five ECA subregions for the period 1979-1983. Roads are broadly categorized in two distinguishable groups:

- Major or national all-weather roads;

10/ This has led to competition, in some cases, between rail and road networks, to the detriment of the latter: examples include delays in construction of the Pointe Noire/Brazzaville road in Congo, the Douala/Yaounde road in Cameroon as well as others throughout the continent.

11/ Road construction is not considered expensive particularly when compared with railroad's initial capital requirement but roads have an inbuilt maintenance burden which has become difficult to properly finance every year, by African Governments.

- Secondary and regional roads including earth roads which are only practicable at certain times of the year.

In addition, the term "permanent" in Africa applied to both tarred and gravel roads.

55. Figures on roads in Table 6 are not representative of the continent as a whole; they do, however, offer a number of interesting conclusions.

Table 6

Area, Population and Road Network for Selected African Countries
Selected African Countries

Country - years	Area (Km2)	Population mid-year (000)	Road Network (kilometres) Main or National	Secondary or Regional	Other	Total	Per cent of Asphalt Roads
Botswana							
1979	600372	794	2559	2207	3260	8026	12.0
1980		819	2559	2207	3260	8026	14.0
1981		846	2559	2207	3260	8026	15.1
1982		873	2559	2207	3260	8026	18.6
1983		902	2559	2207	3260	8026	22.0
Cameroon							
1979	475442	8300	3782	10411	44482	58675	3.9
1980		8503	...	...	...	...	...
1981		8724	6140	12335	45250	63725	3.9
1982		8951	6149	12313	45252	63714	3.9
1983		9183	6172	12344	45265	63781	4.0
Ethiopia							
1979	1221900	31630	11491	-	25800	37291	28.0
1980		32387	11262	-	24675	35937	32.0
1981		33254	11897	-	23562	35459	34.0
1982		34144	12306	-	24085	36391	34.0
1983		35058	12558	-	24948	37506	33.0
Malawi							
1979	118484	5798	2887	2375	5295	10557	17.0
1980		5968	2745	2740	5287	10772	18.0
1981		6158	2745	2740	5287	10772	18.0
1982		6355	...	...	...	...	...
1983		6558	...	...	...	...	...
Mauritius							
1979	2045	961	852	578	345	1775	92.0
1980		981	852	578	345	1775	92.0
1981		998	859	578	345	1782	92.0
1982		1016	870	578	339	1787	92.0
1983		1034	871	577	339	1787	92.0

Rwanda							
1979	26338	4901	2120	4500	-	6620	5.2
1980		5047	2120	4550	-	6670	6.1
1981		5208	2120	4600	-	6720	7.2
1982		5373	2120	4640	-	6760	7.6
1983		5544	2120	4700	-	6820	7.9
Senegal							
1979	196192	5508	3304	1172	9419	13895	23.4
1980		5647	3304	1172	9419	13895	24.8
1981		5798	3304	1172	9419	13930	30.1
1982		5953	3304	1172	9419	13968	26.4
1983		6112	...	...	...	...	...
Togo							
1979	56785	2462	2439	4560	-	6999	34.8
1980		2519	2762	4240	-	7002	39.4
1981		2584	2407	4593	-	7000	34.5
1982		2650	2407	4593	-	7000	34.5
1983		2718	2407	4593	-	7000	34.5
Tunisia							
1979	163610	6369	10750	6298	6590	23638	51.6
1980		6530	10789	6409	6598	23796	51.6
1981		6689	10800	6285	6610	23695	51.7
1982		6851	10805	6249	8298	25352	52.0
1983		7017	10805	6253	8315	25374	52.3

Source: (i) International Road Federation, World Road Statistics, 1984 edition.
(ii) ECA Statistics Division.
(iii) Descriptive Map of the United Natons (Map No. 3105 Rev. 2 (F), United Nations, July 1982).

Symbols used:
... = data not available.
- = nil or negligible.

First, in a number of cases the length of the road network has remained stagnant, changing little from year to year. A second aspect is the low percentage of tarred roads as a portion of the total network. Of the nine countries examined in the table, only two, Mauritius and Tunisia, have percentages of permanent roads similar to those observed in developed countries. Finally secondary and earth roads account in each case for the three quarters of the total network, a fact that explains the relatively low degree of competitiveness of roads at national levels.

(iii) Practicability of the network

56. A comparison between data in Table 6 and figures on surface area and population in the countries considered yields indices on total length of all categories of roads on the one hand and on total length of permanent roads on the other. The indices are applied hereafter to determine the practicability of roads in Africa.

57. Table 7 on indices reveals that total and permanent road network densities are extremely low in proportion to size of country and population. Mauritius remains an exception: figures here reflect the high concentration of the island's inhabitants on a relatively small area.

58. In conclusion, despite its limitations as a means of communication road transport contributes enormously to the development of domestic as well as intra-African trade.

Table 7

Indices of Total and Permanent Road networks for Selected African Countries

Countries - Years	Total Network		Permanent Network	
	Km/1000 Persons	Km/1000 Km2	Km/1000 Persons	Km/1000 Km2
Botswana				
1979	10.11	13.37	3.22	4.26
1980	9.80	13.37	3.12	4.26
1981	9.49	13.37	3.02	4.26
1982	9.19	13.37	2.93	4.26
1983	8.90	13.37	2.84	4.26
Cameroon				
1979	7.07	123.41	0.46	7.95
1980	...	...	...	...
1981	7.30	134.03	0.70	12.91
1982	7.12	134.01	0.69	12.93
1983	6.95	134.15	0.67	12.98
Ethiopia				
1979	1.18	30.52	0.36	9.40
1980	1.11	29.41	0.35	9.22
1981	1.07	29.01	0.36	9.74
1982	1.07	29.78	0.36	10.07
1983	1.07	30.69	0.36	10.28
Malawi				
1979	1.82	89.10	0.50	24.37
1980	1.80	90.92	0.46	23.17
1981	1.75	90.92	0.45	23.17
1982	...	...	...	...
1983	...	...	...	...

Mauritius				
1979	1.85	867.97	0.89	416.63
1980	1.81	867.97	0.87	416.63
1981	1.79	871.39	0.86	419.85
1982	1.76	873.84	0.86	425.43
1983	1.73	873.84	0.84	425.92
Rwanda				
1979	1.35	251.33	0.43	80.47
1980	1.32	253.23	0.42	80.47
1981	1.29	255.13	0.41	80.47
1982	1.26	256.64	0.39	80.47
1983	1.23	258.92	0.38	80.47
Senegal				
1979	2.52	70.82	0.60	16.84
1980	2.46	70.82	0.59	16.84
1981	2.40	71.00	0.57	16.84
1982	2.35	71.20	0.56	16.84
1983	...	...	...	...
Togo				
1979	2.84	123.25	0.99	42.95
1980	2.78	123.31	1.10	48.64
1981	2.71	123.27	0.93	42.39
1982	2.64	123.27	0.91	42.39
1983	2.58	123.27	0.89	42.39
Tunisia				
1979	3.71	144.48	1.69	65.71
1980	3.64	145.44	1.65	65.94
1981	3.54	144.83	1.61	66.01
1982	3.70	154.95	1.58	66.04
1983	3.62	155.09	1.54	66.04

Source : International Road Federation, World Road Statistics, 1984 edition.

Symbol used:
... = data not available.

(f) Other means of transportation

59. In considering domestic trade in Africa mention should be made of pedestrians, cyclists, motorcyclists, as well as draught animals including donkeys and camels. These modes of transportation are an essential complement to road transport in Africa because of their particular services to inaccessible rural areas. Their principal inconvenience stems from limitations in volume, weight, type of goods to be transported and distance that can be covered.

2. Transport organization

60. As shown earlier, air, maritime, rail and inland water transport make minimal contributions to domestic trade in Africa. As a result, the following section focusses particularly, albeit not exclusively, on the organization of road transport.

(a) Vehicle fleet

61. Table 8 shows the vehicle fleet in countries examined earlier in Table 7. Figures here do not include two-wheel vehicles or agricultural machinery. They do, however, take into account newly-registered vehicles as well as those out of circulation for reasons of age or damage.

62. The vehicle fleet in eight of the countries considered increased by varying percentages between 1979 and 1980. Despite this increase, however, the number of vehicles remains very low in relation to total population and to total length in kilometres of the road network.

(b) Transport enterprises

63. In view of the important impact of communications on the economic development of a country, proper planning, rational choice of transport system and their organization as a means of achieving positive results with limited resources are essential. A number of criteria are applied when assessing the efficiency of transportation systems, including scheduling and its regularity, flexibility, speed, capacity, cost and safety.

Table 8
Vehicle Fleet and Related Indices in
Selected African Countries

	Vehicles (Number)				Total Vehicles			
Country -Years	Private	Buses And Coaches	Trailer And Semi-Trailer Lorries	Total	Per 1000 Persons	Per Km of Total Road Network	Per Km of Permanent Road Network	Private Vehicles Per 1000 Persons
Botswana								
1979	5612	483	13224	19319	24.33	2.41	7.55	7.07
1980	7834	707	15477	24018	29.33	2.99	9.39	9.57
1981	8924	899	17270	27093	32.02	3.38	10.59	10.55
1982	10068	1012	19010	30090	34.47	3.75	11.76	11.53
1983	11039	1114	21349	33502	37.14	4.17	13.09	12.24
Cameroon								
1979	47500	3000	12000	62500	7.53	1.07	16.53	5.72
1980	49500	3500	13500	66500	7.82	...	...	...
1981	53500	3500	12500	69500	7.97	1.09	11.32	6.13
1982	59500	3500	13000	75500	8.43	1.18	12.28	6.59
1983	...	...	...	...	...	...	...	...
Ethiopia								
1979	38382	2671	12266	53319	1.69	1.43	4.64	1.21
1980	38618	2658	13539	54815	1.69	1.53	4.87	1.19
1981	41227	3041	12363	56631	1.70	1.60	4.76	1.24
1982	36696	4240	16081	57017	1.67	1.57	4.63	1.07
1983	38236	4681	16898	59815	1.71	1.59	4.76	1.09

Malawi								
1979	12775	336	14151	27262	4.70	2.58	9.44	2.20
1980	11815	275	13272	25362	4.25	2.35	9.24	1.98
1981	14102	268	20288	34658	5.63	3.22	12.63	2.29
1982	...	...	...	...	...	...	...	...
1983	...	...	...	...	...	...	...	...
Mauritius								
1979	25960	1493	13840	41293	42.97	23.26	48.47	27.01
1980	25640	1516	14164	41320	42.12	23.28	48.50	26.14
1981	25215	1497	14740	41452	41.54	23.26	48.28	25.27
1982	25536	1442	15423	42221	41.56	23.63	48.53	25.13
1983	26082	1418	15719	43219	41.80	24.19	49.62	25.22
Rwanda								
1979	3901	a/	6062 b/	9963	2.03	1.51	4.70	0.80
1980	5371	a/	8638 b/	14009	2.78	2.10	6.61	1.06
1981	6187	a/	9668 b/	15855	3.04	2.36	7.48	1.19
1982	6188	a/	8807 b/	14995	2.79	2.22	7.07	1.15
1983	6937	a/	9389 b/	15826	2.85	2.32	7.47	1.16
Senegal								
1979	78043	6309	21671	106023	19.25	7.63	32.09	14.17
1980	79258	6994	22696	108948	19.29	7.84	32.97	14.04
1981	82308	...	...	...	...	...	...	...
1982	...	...	...	...	...	...	...	...
1983	...	...	...	...	...	...	...	...
Togo								
1979	2062	...	1380	2122	0.86	0.30	0.87	0.84
1980	2379	13	1191	3583	1.42	0.51	1.30	0.94
1981	2687	27	1182	3896	1.51	0.56	1.62	1.04
1982	2600	18	1135	3753	1.42	0.54	1.56	0.98
1983	2302	15	1026	3343	1.23	0.48	1.39	0.85
Tunisia								
1979	120628	4570	118070	243268	38.20	10.29	22.63	18.94
1980	125374	4974	132276	262264	40.22	11.04	24.34	19.20
1981	132439	5698	151845	289982	43.35	12.24	26.85	19.80
1982	141185	6145	168484	315814	45.01	12.46	29.23	20.61
1983	...	...	...	...	...	...	...	...

Source : International Road Federation, World Road Statistics, 1984 edition.

a/ Included with data for trailer and semi-trailer lorries.
b/ Includes data for buses and coaches.
Symbols used:
... = data not available.
- = nil or negligible.

64. The amount of capital investment and operating and maintenance fund required in the case of most transport systems and to a lesser extent, the fact that they lend themselves to speculation, have brought about a high level of state, rather than private airline and shipping companies. To a lesser extent it is also the case in the road transport sector. Most cities and towns in Africa have public urban transport for passengers; governments have also established national freight transport

companies.12/ However, road transport is an area that is shared between public and private enterprises.

65. Both large private firms and small operators specialize in the transport of goods and passengers. Typically, these activities lie almost exclusively in the hands of nationals, despite the presence of a few resident foreigners in the field. The bulk of commodity and passenger transportation, both public and private, within a country most often moves from major urban centres to other central points and vice versa. In the particular case of private operators, the system is characterized by absence of specialization, haphazard pick-up and drop off points and independently-set itineraries and schedules.

66. Despite this, these and public enterprises contribute much to the development of trade.

3. Trade structures

67. A major characteristic of trade structure in Africa is the imbalance between cities and rural areas, with the result that the former are usually well-stocked while the latter lack marketing organization and offer a very restricted choice of products. There are several reasons to explain the situation. Cities are either political capitals, port towns or a combination of both, hosting political and administrative institutions, international organizations and diplomatic missions. They also serve as final points of entry and exit; in many cases, they are the location of airports and ports and the focal point from which all roads radiate to other regions of the country.

68. Trade is the preserve of the private sector in free-market economies and of the State in socialist countries. Either way, the sector plays a vital role in the economy of the country with the result that even in free market economies, state trade organizations have developed alongside the private trade structures. The following paragraphs examine both private and state trade structures.

12/ Land-locked countries including Burundi, Central African Republic, Chad and Rwanda abound in examples of trailer and semi-trailer convoys that move national export products to the port of embarkation of the transit countries and subsequently return with imported goods for respective capitals.

A. Private trade structures

69. A first distinction to be made in this area is the difference between formal and informal sectors. A main characteristic of both, however, is the primary role played by foreigners in numerous African countries: in many cases, indigenization of trade circuits has yet to become a priority.

(i) Formal sector

70. The formal sector covers import/export and modern wholesale and semi-wholesale trade; it is not limited to final distribution or to the retail sector. It requires investment of substantial funds for transport equipment and accessories, warehousing, storage and handling facilities; as a result, the formal trade sector in Africa is frequently dominated by large foreign trading companies and, to some extent, by private traders including a few nationals. Examples of large export/import and wholesale trading companies include the Compagnie Francaise d'Afrique Occidentale (CFAO), the Société Commerciale de l'Ouest African (SCOA), the Société du Haut Ogoue, the BATA Company, the R.W. King Company, the Compagnie Soudanaise and others. These companies frequently own the major outlet stores such as Printania, Score, Monoprix, Prisunic, Printemps and of course, the host of BATA warehouses and shops and thus combine wholesale and retail activities. Furthermore, a number of them have broadened their scope of activity considerably through diversification into special goods and services: they have created technical departments to handle operations relating to automobiles, telephones, agricultural equipment and implements while also exporting primary commodities.

71. Private traders are also active in wholesale trade but, owing to limited financial resources, their turnover is less than that of larger companies. This area is dominated by Lebanese, Syrians, Greeks, Indians and, in recent years, a growing number of nationals. Most private traders are also exporters who participate actively in the collection of agricultural exports including coffee, cocoa, groundnuts, cotton and palm nuts.

72. Both large foreign companies or independent traders play an important role in domestic trade to the extent that they supply retailers and tradional traders and contribute to the promotion of export products.

(ii) Retail trade

73. The retail sector primarily involves trade in imports and, to a lesser extent, in local products. Retailers secure their supplies both from large companies and private traders and are major suppliers for local petty traders who, because of limited resources and small volume of purchases, are not adequately served by wholesalers or importers.

74. While retail trade, in keeping with its name, should only handle final distribution to consumers, it substantially oversteps its limits in the area of local petty trade to the extent that it handles semi-wholesale trade as well.

75. These practices which lessen the distinction between wholesalers and retailers thus enable the trader to perform dual functions thereby dispensing with the necessity of middle-men.

(iii) Informal sector

76. The traditional or informal sector handles general petty trading for final distribution of imports and local products. There is some amount of specialization in traditional trade, particularly with regard to cattle, cola nut and other similar products.

77. Traditional trading is most frequently carried out from kiosks, small shops or village markets, or by hawkers and peddlers in the open air. As a form of trade, it has the dual role of providing towns with foodstuffs either directly or through wholesalers and of handling distribution in rural areas of certain essential imports such as salt, sugar, soap and paraffin oil.

B. State trade structure

78. Given the importance of the sector to national economies, immediately following independence, African countries intervened in the trade field in three main ways:

- By monitoring the sector;
- By controlling the operations of major foreign trading companies;
- By complementing the private sector wherever any gaps existed.

(i) Monitoring the sector

79. Intervention at this level is reflected in the establishment of regulatory or control mechanisms.

(a) Ministry of Finance 13/

80. In its capacity of custodian of public funds, the Ministry assumes responsibility for monetary and credit policy, foreign exchange and price policies in domestic and international trade. It is specifically responsible for granting foreign exchange to importers and for both fixing and controlling prices at all levels of distribution from the wholesale to the retail stages.

(b) Ministry of Trade and Industry 14/

81. Within this Ministry is a domestic trade department which deals with the organization of domestic trade and traders as well as the organization of distribution. The ministry also regulates professional activities of importers and exporters by issuing import authorizations, clearances, licenses and permits.

(c) Chambers of Commerce, Agriculture and Industry 15/

82. These operate more at the external level.

(d) Trade associations

83. Without being strictly public agencies, trading associations benefit in all respects from the support of public authorities and play a vital role in organizing traders and protecting their interests.

(ii) Control the operations of foreign trading companies

84. A major need after independence was to integrate all sectors of the economy in national development programmes: in this respect, trade was one of the major sectors of concern.

85. A first measure taken by governments was to Africanize the administration of major foreign trading companies with the aim of training nationals in management of the national wealth. In a minority of countries the change was insignificant, and by 1983, national trade continued to be dominated by foreigners. In most cases, however as much as 90-95 per cent of the trade is now managed by nationals. A second phase in establishing control has been direct participation of the State, through ownership or acquisition of majority stock, in foreign trading companies.

13/ Actual names for organizations and ministries may vary from country to country: those used here are representational.
14/ Ibid.
15/ Ibid.

CHAPTER IV

DOMESTIC TRADE: PROBLEMS AND CONSTRAINTS

86. An economic sector such as trade that brings together a significant number of operators and middlemen, will always face problems. In the particular case of African markets, the situation is alarming: attention has long focussed on supply of imported goods and services to cities, with almost total neglect of the rural areas and the development of local manufactures. This chapter attempts to identify and analyse the major problems which hinder the development of African domestic trade.

A. Size of domestic markets

87. Low population on a vast territory results in low density, a situation that has immediate consequences on the growth of internal markets. First, there is usually evidence of strong urban concentration, particularly in countries with extremely low population such as Botswana and Mauritania,16/ migration further diminishes the size of the rural population.

88. Secondly, industrialization is extremely difficult in low-density countries with large urban centres: low population requires the establishment of capital instead of labour-intensive industries. In addition, combined with the impact of rural to urban migration, it eliminates the predominance of agriculture and consequently, the potential of agro-food industries. The private sector hesitates to invest under unfavourable circumstances of this type, and public sector allocations are minimal. In the long term, this contributes to continued urbanization.

89. Finally, development resources are rarely equitably distributed between the isolated rural sector dominated by subsistence economies and the well-equipped, well supplied urban sector with its appropriate trade structures. A great number of African countries are currently experiencing this situation.

90. Whatever the case may be, the small size of most African domestic markets either because of low level of population or scattered distribution, discourages development initiatives, especially in the trade area.

B. Inadequate agricultural production

91. Based on percentages of total population engaged in agricultural activities and contribution of agriculture to total GNP, Africa's economies can be described as predominantly agricultural. Production in this area implies both industrial and food crops: for various reasons, however, production of the latter is inadequate.

16/ See table 3.

92. Neglect of food production is historically attributable to the colonizers, whose primary aim was to develop export crops for the benefit of metropolitan markets. Following independence, in an effort to secure the foreign exchange required for implementation of national development projects, African governments continued the practice of producing export commodities. The need for subsistence goods increased, however, in proportion with population growth until export earnings could no longer both cover the import bill and offset resulting food deficits.

93. A great number of African countries perceived the long-term consequences of the situation and initiated major development projects to intensify and diversify food production: land under cultivation was increased; numerous varieties of crops were introduced; and efforts were made to secure optimum yields through use of modern farming techniques and processes.

94. Despite positive intentions, the initiatives created new problems requiring rapid and appropriate solution in the collection, storage, preservation and marketing of production surpluses.

C. Inadequate organization of trade in food products

95. Harvest seasons vary from individual or groups of countries and subregions to others depending on type of crop, time of planting and climate and are characterized by abundance of food products. It is usually at harvest time that farmers accumulate reserves for family use, next plantings and livestock feed. Surplus production is then sold to satisfy additional expenditures such as payment of taxes, customary and religious ceremonies, clothing and implements.

96. In cases of inadequate harvest, farmers have to meet personal needs through market purchases: failing to find satisfaction within the familiar traditional system, they are brought into contact with the modern trade sector comprising both public and private enterprises. The modern sector, for its part, has little interest in handling the requirements of intermittent and traditional trade in rural areas, preferring instead, direct services to those sectors of the economy that have fixed and stable structures such as the supply of urban centres and the marketing of export products.

97. Rejection of rural needs by the modern trade sector is illustrated below:

> "One of the main reasons why national grain boards or their equivalents operate little on the market is that they are not interested in food crop produce. Most of them traditionally market the export produce of farmers growing cash crops. It is easier to purchase such produce because it is grown in areas that generally have a fairly good trade infrastructure made up of

roads and storage and processing facilities. Furthermore, most marketing boards lack the administrative facilities and the staff required to buy small quantities of farm produce at many different locations. Finally, these boards are frequently not interested in distributing the food products they buy outside the national capital or its immediate vicinity.17/

98. Essentially, distribution is directed from urban to rural centres, with all the possible consequences this entails in terms of prices, transportation time and increased opportunities for speculation.

99. The system therefore appears incapable of alleviating in a timely fashion on behalf of the rural population the adverse effects of shortages brought about in a subsistence economy by inordinately high consumer prices. Furthermore, fragmentation of the food market coupled with inadequate trade organization create disparities between supply and prices. As a result of instability of producer prices and seasonal hikes of consumer prices, farmers experience difficulties.

D. Price control and trade misinformation

100. Issues of price control and trade misinformation are not particular to traditional trade; they also affect the modern sector where importers, wholesalers and semi-wholesalers are frequently involved on the side in the retail business, thereby creating unfair competition and avoiding payment of appropriate taxes and duties. In most African countries, price regulations are carefully updated; they usually cover prices of goods, products and services, the way in which prices are determined and parameters for profit margins in the marketing, distribution or collection systems.

101. However, because of its structure, the traditional trading sector is highly subject to difficulties in implementing price control systems. Problems encountered in enforcing price control regulations are compounded in this area by absence of or deficiencies in information dissemination mechanisms. Farmers rarely know or at best obtain scattered details on maximum selling prices for imported products as well as profits made at various levels of marketing, all of which are published regularly by the national economic services; minimum producer purchasing prices, which are usually established at the onset of each season. Two opinions have been expressed on the subject. Professor Tchundjang states his concern that the "daily life in

17/ Uma Lele, The Design of Rural Development, Lessons from Africa, Baltimore, Md. (Johns Hopkins University Press, 1975). Originally published in French by Economica, Paris for the World Bank.

Africa, the disconcerting fact that Greek or Lebanese traders can sell the same cloth in the same place at prices differing by as much as one hundred per cent simply illustrates the absence of genuine community; people are worlds apart when it comes to information."18/

102. Professor Albertini writes that "in areas where agriculture is market-oriented, middlemen manage to get away with buying at their own producer prices and selling at their own consumer prices. They are the only ones to benefit from selling high. Should prices fall, however, they pass the entire loss on to farmers. Many are the ways in which they manage to do this but the most common is by keeping farmers ignorant of the price that final consumers have to pay for the produce.19/

103. The effects of misinformation or lack of information are not limited to illegally-inflated prices. They also affect quantities and weights of products bought or sold. Meat or fish purchased on traditional markets in urban centres is often weighed on incorrect scales: the situation appears, however, acceptable to the buyer. In other cases, the use of scales or other weighing instruments is rare and transactions are conducted by volume or by rough guesses at the weight of a purchase. Measuring units currently in use on traditional markets range from 200 liter barrels to tins of preserves. They include jerry cans and all sizes of bottles, basins and baskets. Recipients are frequnetly tampered with to falsify true volume, thereby creating considerable variations from one market to another, from one season to another and often, depending on local custom. On this subject, Uma Lele notes that "At Ethiopian markets, farmers are surreptitiously, not openly cheated by the use of false weights and measures."20/

104. These comments raise the question of the effectiveness of price controls. Lack of qualified manpower plagues this area as it does most economic sectors in Africa. In view of their extremely low wages and occasional absence of integrity, there is ample ground to suspect the quality and efficiency of work produced by price control inspectors. Furthermore, there are numerous examples of countries where a handful of inspectors are expected to cover the entire national territory: insufficient manpower alone can reduce the effectiveness of price control measures. In addition it would tend to encourage a certain level of corruption. Professor Tchundjang comments that "price controls are ineffective. But to make them effective, all prices would need to be controlled and such an operation would require an army of inspectors. Price controls breed corruption, ... because of falsifying economic information, commercial activities

18/ J.Tchundjang Povémi, Monnaie, Servitude et Liberté, la répression monétaire de l'Afrique, (Edition J.A.) p. 40.
19/ J.M. Albertini, Les Mécanismes du sous-développement, Paris (3rd Revised Edition, Economie et Humanisme, 1967) pp. 57-58.
20/ Uma Lele, op.cit., p. 154.

joint." The author concludes by saying that "the surest way of organizing food product shortages is by controlling their prices."21/

105. In conclusion, price controls lose their economic meaning to the extent that they become a determinant in the balance between supply and demand in a competitive situation. Therefore, while price control may be a pressing concern in Africa today, it should be approached cautiously, and, though extended to the modern sector, should be limited to specific products that are either strategic or under monopoly.

E. Condition of road networks

106. Road conditions in Africa constitute a major hindrance to private or public economic development activities in general and domestic trade in particular. The problems are felt more keenly in land-locked countries which need access to their borders in order to evacuate or import commodities through third country ports. The case is similar for countries which, though in possession of national ports, cover such large areas that distance to ports becomes a constraint to trade activities.

107. The African road network has already been discussed in Chapter III, paragraphs 54-55. Major problems arising from its condition amd composition directly affect the supply of goods and services to rural areas and include in particular:

- Isolation of rural areas;
- Difficulties for large capacity vehicles to gain access to rural areas on an all-year round basis;
- Delays in the evacuation of agricultural products with resulting loss of national production;
- Increases in the cost of transportation which reflect on prices of consumer items;
- Increase in the number of middlemen and high risk of speculation.

F. Inadequacy or mismanagement of agricultural and business credit

108. Major weaknesses in the agricultural and trade sector in Africa arise from insufficient financial assistance. To rectify this, agricultural credit institutions and co-operatives have been established in all African countries and favourable government directives issued to commercial banks to assist national businessmen. In every case, the aim is twofold: first, it

21/ J. Tchundjang, Lavémi, op. cit., p. 84.

provides assistance to the traditional sector of subsistence agriculture which accounts for a sizeable portion of the population and generates a high percentage of national income. It also encourages the development of local markets by granting loans to small businessmen so as to stimulate investment in the sector.

109. Large plantations that grow coffee, cotton, groundnuts or bananas for instance, and import/export, wholesale and retail trading companies have sufficient funds and easy access to banks so as to operate independently. They also benefit from other forms of assistance such as marketing season credits and import credits as well as bridging loans between production and harvest.

110. The situation for farmers and small-scale traders, on the other hand, is different: loan conditions, guarantees required by financial institutions and the time and amount of work needed to complete administrative formalities are not in proportion to the volume of credit requested; consequently, farmers and petty traders cannot avail themselves of the financing facilities that were initially intended for their benefit. Funds are distributed on a haphazard, often personal basis; in many cases, officials themselves are the first to be served by agricultural credit institutions or small business promotion agencies. Control organizations and their inspectors; who are supposed to ensure that credit is in effect granted to intended beneficiaries, are rarely effective in rectifying the situation.

111. Uma Lele draws similar conclusions based on her field experiences: "In a number of the countries considered in the study on rural development in Africa,22/ only a minimal percentage of institutional credit is allocated to developing the farms of peasants who grow subsistence crops... In Ethiopia, one of the main purposes of establishing the Agricultural and Industrial Development Bank (AIDB) was to satisfy the urgent needs of the agricultural sector. However, owing to the minimum guarantees required for loans, more than 80 per cent of the farming population are not eligible for AIDB credit. While 63 per cent of the loans granted in the first two years of the Bank's operations went into the agricultural sector, the main beneficiaries were the large plantations and a few co-operative associations... The relatively well-off farmers are too often the ones who control the co-operatives and also benefit from the programme subsidies."23/

112. Under the circumstances, farmers and petty traders almost everywhere are reduced to relying on sources of financing other than official credit institutions. One of these, perhaps the most important, is the tontine, a traditional credit association made up of groups of five, ten, twenty or more people who, at

22/ EDRA is a study on the experience of Cameroon, Ethiopia, Kenya, Malawi, Mali, Nigeria and Tanzania.
23/ Uma Lele, op. cit., pp. 108-109.

regular meetings, contribute cash at a fixed rate so as to bypass banks and avoid the problems associated with these institutions. The contribution, depending on the regulations of the asssociation, is offered to the members in turn or sold to them at auction with the highest bidder "hitting the jackpot". Given the host problems encountered at banks when applying for credit, tontine associations have gained great popularity and are now remarkably well organized. They have a turnover of several hundred thousand CFA Francs in many African countries, a very substantial amount of money falling outside the control of government authorities. In some cases, the associations represent a real challenge to monetary authorities and banking institutions.

G. Lack or inadequacy of trade co-operation among neighbouring countries

113. Major accomplishments have been achieved by economic co-operation institutions such as the Central African Customs Union (UDEAC), the Communaute Economique de l'Afrique de l'Ouest (CEAO), the Economic community of West African States (ECOWAS), the Economic Community of the Great Lakes Countries (CEPGL), the Preferential Trade Area (PTA) for Eastern and Southern African States and other existing subregional groupings. Unfortunately, the same does not apply to economic and trade relations between neighbouring countries, regardless of whether or not they belong to the same economic groupings or monetary zone. Individual neighbouring states remain hesitant to engage in formal trade relations: as a result, border trade is on the rise everywhere, operating outside administrative control and, at present, always taking the form of smuggling.

114. Border trade offers a number of visible advantages: it opens up border areas between African countries by providing regular albeit illegal trade circuits; it creates markets for the agricultural produce of border areas; and it secures a monetary income for farmers in those areas.

115. The negative impact of border trade, however, is far more important. The country from which goods are smuggled suffers a food deficit and resultant increases in domestic consumer prices. If imported products are involved, the recipient country is in effect being subsidized by the country of origin: the amount of foreign exchange used in paying the corresponding import bill takes its toll on the balance of payments of the latter country. If the goods are intermediate products, the country from which they are smuggled will experience a recession in domestic production while financing production in the recipient country. Finally, customs or excise duty is levied on goods that cross national borders in this manner. The effects of border trade are even more negative if they involve two border states which do not have the same currency or do not belong to the same monetary zone.

116. Originally, traditional trade developed in response to real needs: it focussed on satisfying the food requirements of people who shared common diets, customs, language and often religious beliefs but who, as a result of the arbitrary partitioning of Africa, found themselves separated by artificial borders into different states. In time, products ranging from sugar, oil, salt, textiles, handicrafts, household appliances, livestock to spices and cola nuts found their way into border trade. Quantities originally traded were limited and thus did not represent substantial sums of money. In recent years, however, smuggling has grown to involve large quantities of cigarettes, alcoholic beverages, building materials such as cement, and, to an increasing extent, vehicles of all types.

117. Precisely because border trade is unrecorded, only estimated figures can assess its volume. Border smuggling is definitely assuming alarming proportions as it now involves substantial sums of money in certain African subregions. Furthermore, it is no longer the domain of petty traders and farmers: it has attracted influential individuals from all classes of society who are amassing wealth at the expense of tax and customs administrations, thus contributing to a thriving system of corruption.

118. Poor organization of domestic trade and especially of distribution networks to rural areas coupled with deficiencies in the road transport system may be considered the root causes of smuggling today. Nevertheless, such trade can only thrive so long as disparities in the prices of products in contiguous countries are likely to cause a profitable movement of goods.

119. In summary, border trade should not necessarily be eradicated at all costs: on account of the host of marketing difficulties and problems encountered in Africa, it may be a perfectly acceptable form of transaction. Unfortunately, it is abused in practice and therefore needs to be organized and regulated in the mutual interest of the countries concerned in particular and of the development of intra-African trade in general.

CHAPTER V

PROSPECTS AND MEASURES FOR THE DEVELOPMENT OF DOMESTIC TRADE IN AFRICA

120. The development prospects for expanding domestic trade in Africa must be viewed within the general context of the overall economic crisis facing the African countries. This was amply summed up by Professor Adebayo Adedeji in his statement when he emphasized that: "Although during the past two decades there have been some structural changes in the African economies, the fact is that today the African economy is still basically underdeveloped: low income per head, a very high proportion of the population in agriculture, low levels of productivity, a circumscribed and fractured industrial base, a high dependence on a vulnerably narrow spectrum of primary export commodities, a transport network geared largely to the export sector, a sharp bifurcation between the traditional and modern sectors, a high degree of illiteracy, low levels of life expectancy and predominance of expatriate business enterprise in banking, commerce, finance, industry and management".24/

121. The statement summarizes the situation in Africa 20 years after independence. The issues will require appropriate solutions, otherwise the gap which already exists between the towns and villages will continue to widen and rural areas will become even more isolated than ever.

122. The following highlights major factors that can have a positive impact on the future of domestic trade and offers proposals to rectify previously identified problems.

123. The development of African domestic trade can lead to increased domestic agricultural production; achievement of balance of food products; and proper distribution at reasonable prices of imported and locally-manufactured products. As such, it is closely linked to increases in local production and in purchasing power of the majority of the population - rural inhabitants - to information and training systems for consumers and traders, to improvements in road networks, to the development of inter-regional and intra-African trade and to the organization of a marketing system which can secure for consumers necessary items which they do not manufacture. Immediate attention should be given to solutions for these problems.

A. Increasing local production

124. This area covers agricultural, industrial and handicrafts production.

24/ Adebayo Adedeji, in What kind of Africa by the year 2000? pp. 59-61.

1. Agricultural production

125. Increasing agricultural production implies raising output of both export and food products. To date, export crops have received and continue to benefit from various forms of expansion-oriented assistance. Major efforts should therefore focus on developing food crops without, however, neglecting export production which constitutes the main source of foreign exchange for a great number of African countries.

126. The development and increase in agricultural food production requires adoption, inter alia, of the following measures:

- Providing or guaranteeing markets for farmers for their surplus food crops: a general decline in producer prices noticeably diminishes the income of farmers and discourages production; conversely, a rise in prices motivates or stimulates producers to expand and intensify activities;

- Establishing an adequate system to grant agricultural credits through introduction of rural development programmes specifically designed for small-scale subsistence farmers;

- Increasing the size of farms and their yields through use of intensive agricultural extension techniques, fertilizers, seed distribution systems and crop diversification methods;

- Establishing in major towns or administrative capitals storage systems designed to build up grain food reserves in order to achieve regional food balances during periods of shortage: in this context, care should be taken to train specialized technical personnel in stock management and food preservation in order to avoid warehouse losses caused by rodents, insects, dampness, fungi, thieves or other forms of wastage.

127. These measures combined can help to solve the problems currently encountered in food supply by stimulating production through guaranteed purchase of surpluses at fixed prices. They will also alleviate serious imbalances between production and requirements. In addition, these measures will reduce the time lapse between production and consumption.

128. A buffer stock system would allow for increases in food supplies by avoiding losses of national production, thereby helping to achieve at little cost the national food security so strongly recommended by international organizations, most particularly the Food and Agriculture Organization of the United Nations and the World Food Programme.

129. Measures such as these could be implemented by an office, public agency or parastatal organization established for the collection, storage and marketing of foodstuffs. It would also promote cultivation of food crops through extension, seed and grain distribution and other activities. State intervention could help to impose control on private enterprises which are inclined to speculate and prefer to confine activities to major markets, avoiding remote and inaccessible areas.

130. A second implementing tool would be farmer co-operatives. Increased monetization will eventually require organization of the rural sector, and a practical way to achieve this is through establishment of co-operatives: their role is to serve as intermediaries between members and public authorities; to participate in the fixing of minimum prices to defend the interests of members; and to act as conduits for information and training programmes for farmers.

2. Industrial production

131. Fragmentation and small size of markets, dispersal of people over vast territories and low purchasing power among the majority of the population are among the obstacles to industrialization in Africa. Despite the predominance of agriculture, the continent needs to industrialize in order to reduce dependency on imports of capital and manufactured goods and to replace production of complementary items with that of import substitution products. On these issues, J.M. Albertini has written that "the international division of labour is breaking down because the industrialized countries need the non-industrialized countries comparatively less. International complementarities are emerging not between industrialized and non-industrialized countries, but among industrialized countries. With time, any country that fails to diversify its economy would relegate itself to playing a marginal and dependent role".25/

132. To avoid assuming marginal economic positions, African countries and subregions need to make a decisive effort to monetize rural economies and to pursue basic industrialization policies. The purpose is not to create sophisticated industrial complexes but instead, to identify areas of major national production and consumption and either encourage private initiative or commit direct public action into production of certain common consumer items which would totally or partially replace imports, thus, reducing the drain on foreign exchange. Agro-industries represent at present an optimal area for industrialization initiatives.

25/ J.M. Albertini, op.cit., p. 235.

133. Investment codes and tax and customs regulations have a great role to play in this regard:

- Tax incentives should be granted to investors who agree to locate their industries in production zones situated outside major urban centres;

- Capital credit should be granted on very favourable terms to assist small and medium-scale industries;

- Measures should be adopted and enforced to protect small and medium-scale national industries in their initial five years of operation.

134. A diversified industrial production as proposed here would have a guaranteed market when the majority of people engaged in farming had succeeded in increasing their purchasing power.

3. Handicraft production

135. The handicraft industry covers a wide variety of activities relating to virtually all sectors of the economy and produces an equally diverse range of goods and services. Unfortunately, in Africa, the sector is frequently limited in its definition to the production of carvings in wood, copper or ivory, woven products, canvas paintings, pottery, basketry and tannery. Masons, painters, mechanics, fishermen, joiners and others who provide repair and maintenance services are omitted. In addition, to date, handicraft industries have been concentrated in major urban centres, at tourist sites and near market places.

136. The handicraft industry secures substantial income, including foreign exchange, for certain African countries. In addition, it represents a major if not the single source of income for a fairly large number of African families throughout the continent. The sector provides important services and produces goods at low cost; it also complements the efforts of major industrial enterprises, thus contributing to national income formation. Unfortunately, demand by far exceeds supply and is unequally distributed in individual countries.

137. These reasons explain the need to diversify and increase artisanal production, again through state intervention at three basic levels:

- Financial assistance to artisans by facilitating their access to bank loans and by providing flexible loan conditions: artisans cannot resort to commercial banks and therefore require authorization for access to specialized public financing institutions such as national development banks or industrial and artisans' development banks;

- Completion of a comprehensive survey on artisans by sector of activity;

- Development and establishment of handicrafts promotion agency: its role, for each sector, would be to promote products, defend the interests of respective members, serve as intermediary with public authorities, provide professional training and information for artisans and deal with the organization of the profession and the marketing of products.

138. These measures could stimulate handicraft production and increase the income of artisans.

B. Improvements of roads to develop inter-regional trade

139. The effects of road conditions on the development of trade have been discussed earlier. The object here is to recommend areas of improvement which would, in the long term, assist in developing domestic and inter-regional trade.

140. A first measure of primary importance is to strengthen road maintenance procedures in African countries. Regular maintenance of all categories of roads should ensure that roads are practicable at all times of the year and that they reach major production and population centres. The maintenance of secondary earth roads deserves particular attention as these usually serve isolated, otherwise inaccessible rural areas. Responsibility for the maintenance of secondary roads should be shared between state or public agencies and individual villages: road authorities or departments should supply villagers with the equipment and tools required for periodic maintenance activities and conduct regular on-site inspections to monitor the quality of work.

141. In the area of new construction, the focus should shift from expensive highways which only serve a limited population to programmes to connect, in a first step, major urban centres throughout countries and subsequently, link these with capital cities and/or port towns as the case may be. Improvements such as these will help to develop inter-regional trade by establishing possibilities for flows between surplus-producing and deficit regions within individual countries and on a regional basis.

142. Africa places great importance on implementation of the projects planned under the United Nations Transport and Communications Decade for Africa. It is hoped that by the end of the Decade in 1988 road and rail networks and port and air transport facilities will have been sufficiently developed to provide access to the most remote areas of Africa. In so doing, countries will also have contributed to the development of trade with these regions.

C. Additional measures for streamlining the marketing system

143. Additional measures listed here that would favourably influence the distribution trade in African countries are related to information.

144. Information in Africa is scarce and sometimes intentionally suppressed, a practice which erodes the already insignificant purchasing power of the rural world. Rural producers are not aware of official producer prices; conversely, as consumers these same population categories have no idea of the going prices in neighbouring regions or in urban centres for the sale of essential imported or locally- manufactured items.

145. Public authorities could intervene through food produce promotion and marketing agencies to inform producers of prevailing prices in major commercial centres for both sales and purchases. The information disseminated by such agencies should also cover the weights and measures used in market places either for sales of imported products or purchase of agricultural commodities.

146. Uma Lele's experience during the course of a survey conducted at Chilalo and Wollamo in Ethiopia sheds further light on the problems encountered by food producers as a result of lack of information:

> "In general, the lack of adequate and reliable information at all levels of the marketing system is mainly to blame for the farmer's weak bargaining position. It is also the reason for the low producer prices paid and the disparity in prices from one market to another."26/

147. Various media including press, television, market criers and posters should be used to achieve this goal. However, on account of the high rate of illiteracy in certain areas and because agricultural extension programmes are already broadcast in national languages at present, radio seems to be one of the most effective ways of reaching rural populations. Because of their direct contact with rural producers, agricultural extension offices should not be underestimated as a potential channel for information either.

148. Another information-oriented measure is the periodic organization on a regional or national basis of agricultural fairs and exhibitions. The purposes in staging these events in appropriate locations would be to acquaint nationals and foreigners with local products; to provide information on current prices and to provide a forum for establishing business contacts. Inherent in the promotional content of agricultural fairs is competititon aimed at rewarding farmers for quantity or quality of production and for efficient maintenance of farms or plantations.

26/ Uma Lele, op.cit., p. 155.

149. Similarly, publicity campaigns should be launched to encourage consumers to buy African goods: the average African lacks confidence in local products and often prefers to purchase imported consumer goods. An example of such behaviour is evident in many supermarket-type stores, which advertise as "French" and immediately sell full-day supplies of avocado pears which, in fact, were supplied at low cost by local farmers. Professor Adebayo Adedeji has expressed his concern on the subject:

> "Let me recall to your mind some of the visual manifestations of the conditions to which we have been reduced. A casual walk through some of our urban centres reveals the existence and worsening situation of the very things which governments have indicated in their statements of development policies and in their development plans as objects of correction and socio-economic change: shanty towns, congested traffic, beggars, the unemployed, both young and old, in desperate search of wealth and high income and conspicuous consumption. Our department stores and boutiques are full of imported consumer goods for the better-off, thus demonstrating that our urban distribution networks continue to be an extension of the marketing system of advanced, industrialized countries.27/

150. In brief, these are some of the measures likely to influence the expansion of domestic trade and to improve the well-being of the majority of the population in Africa. The purpose is to create a framework for officials and decision-makers so as to enable them to think comprehensively about ways and means of achieving rapid, effective and rational promotion of the domestic trade sector in the spirit of the Lagos Plan of Action.

27/ Adebayo Adedeji, op.cit., p. 61.

CHAPTER VI

CONCLUSION

151. The preliminary analysis presented in this paper reviews a limited number of factors and characteristics of domestic trade in Africa. At the same time, the problems and constraints identified and the proposals to expand domestic trade are based on the data available at this stage. The study does not therefore claim to have exhausted all aspects of domestic trade. Rather, it represents the introduction to a series of relevant issues that needs further investigation so as to provide the necessary research that will be conducted in the focus on specific components of domestic trade including distribution channels, marketing and trading structures and dynamics, prices and profit margins. A more thorough analysis of the situation and potential of domestic trade in Africa should constitute a long-term endeavour that will require particular efforts from member countries and international organizations, especially the Economic Commission for Africa.

152. An issue of vital importance is to recognize that domestic trade is an essential and integral part of the development process and should therefore be taken into account in devising a country's overall trade policy. African Governments should therefore accord new and higher priority to domestic trade than has been the case hitherto. Without this national commitment, any attempts at changing and improving the structure and organization of the rural development systems would present formidable problems.